

VZCZCXYZ0000
PP RUEHWEB

DE RUEHTV #1842/01 1701239
ZNR UUUUU ZZH
P 191239Z JUN 07
FM AMEMBASSY TEL AVIV
TO RUEHC/SECSTATE WASHDC PRIORITY 1780
RHEHAAA/WHITE HOUSE WASHDC PRIORITY
RHEHNSC/WHITE HOUSE NSC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY
RUEAHQA/HQ USAF WASHINGTON DC PRIORITY
RUEADWD/DA WASHDC PRIORITY
RHMFIUU/CNO WASHINGTON DC PRIORITY
RHEFDIA/DIA WASHINGTON DC PRIORITY
RUEKJCS/JOINT STAFF WASHDC PRIORITY
RUEHAD/AMEMBASSY ABU DHABI PRIORITY 2335
RUEHAS/AMEMBASSY ALGIERS PRIORITY 9056
RUEHAM/AMEMBASSY AMMAN PRIORITY 2356
RUEHAK/AMEMBASSY ANKARA PRIORITY 3147
RUEHLB/AMEMBASSY BEIRUT PRIORITY 2358
RUEHEG/AMEMBASSY CAIRO PRIORITY 0270
RUEHDM/AMEMBASSY DAMASCUS PRIORITY 3098
RUEHLO/AMEMBASSY LONDON PRIORITY 9969
RUEHFR/AMEMBASSY PARIS PRIORITY 0441
RUEHRB/AMEMBASSY RABAT PRIORITY 7039
RUEHRO/AMEMBASSY ROME PRIORITY 4455
RUEHRH/AMEMBASSY RIYADH PRIORITY 9365
RUEHTU/AMEMBASSY TUNIS PRIORITY 3540
RUCNDT/USMISSION USUN NEW YORK PRIORITY 5484
RUEHJM/AMCONSUL JERUSALEM PRIORITY 7161
RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY
RHMFISS/COMSOCEUR VAIHINGEN GE PRIORITY
RHMFIUU/COMSIXTHFLT PRIORITY

UNCLAS TEL AVIV 001842

SIPDIS

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

SIPDIS
E.O. 12958: N/A
TAGS: [OPRC](#) [KMDR](#) [IS](#)

SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

1. Mideast
2. Iran
3. Israel: Governance

Key stories in the media:

All media reported that on Monday the US and EU lifted the embargo on the PA. The media quoted Secretary of State Condoleezza Rice as saying: "We intend to lift our financial restrictions on the Palestinian Government, which has accepted previous agreements with Israel and rejects the path of violence. This will enable the American people and American financial institutions to resume normal economic and commercial ties with the Palestinian Government. Secretary Rice was quoted as saying that the US would unblock and

SIPDIS

"restructure" USD 86 million (USD 102.3 million) in aid originally earmarked for strengthening security forces. Rice was further quoted as saying: "It is the position of the United States that there is one Palestinian people and there should be one Palestinian state." The US will also be giving USD 40 million to the UN Relief and Works Agency, "to help ease the suffering of all Palestinians, especially those in Gaza." Leading media reported that President Bush called PA Chairman [President] Mahmoud Abbas, expressing his support for the removal of Hamas from the Palestinian government.

Ha'aretz quoted FM Tzipi Livni as saying at a meeting of EU member-state FMs in Luxembourg that "the Palestinian tax funds frozen in Israel will be released in the near future."

Ha'aretz and Yediot quoted officials accompanying PM Ehud Olmert on his trip to the US as saying that Olmert is expected to urge President George Bush today to focus on isolating Hamas. Ha'aretz quoted a source in the PM's entourage as saying: "We want to make Hamas a pariah and prevent it joining the international game." The Jerusalem Post wrote that PM Olmert is expected to tell President Bush that Israel is willing to renew talks with Chairman Abbas about a "political horizon."

Yediot reported that hundreds of Hamas militants now control the "Philadelphi Corridor," This has led to the free passage of arms between Egypt and the Gaza Strip. Makor Rishon-Hatzofe reported that two weeks ago, the US Congress suspended the transfer of USD 200 million in aid to Egypt on the grounds that Egypt is "ignoring the continuation of arms smuggling through the Philadelphi Corridor."

Maariv reported that Dr. Sami Khatib, the Syrian Ambassador to the UK, proposed in London on Saturday that Israelis residing in the Golan Heights residents could stay (with protected minority status) after the signing of an Israeli-Syrian peace agreement, with a minority status. Maariv emphasized that Khatib is a close associate of President Bashar Assad. Yediot reported that on Monday Dr. Ahmed Badr al-Din Hassan, the Mufti of Syria, made a conciliatory speech at an Oslo synagogue. Israel Radio reported that on Monday Bashar al-Jafari, Syria's Permanent Representative to the UN, reiterated his country's position that there is not a back channel for secret communications between Syria and Israel. Israel TV and The Jerusalem Post quoted former Syrian information minister Mahdi Dakhlallah as saying on Monday in a TV interview that if a war broke out with Israel, it would be a war of resistance and not of the conventional type that Israel is used to winning.

All media reported that on Monday evening one Palestinian was killed and at least 10 others were injured when a gunman attacked a group of Palestinian civilians waiting to cross into Israel near the Erez Crossing. Responsibility for the attack was later claimed by the Popular Resistance Committees, a grassroots paramilitary organization. The aim of the attack is still unclear.

Ha'aretz quoted IDF sources as saying on Monday that a humanitarian crisis in the Gaza Strip is not likely, following the closing of the crossings into Israel. The sources noted that the Karni crossing had operated continuously from September until last week, and that large quantities of food stocks had crossed into the Gaza Strip. Military sources did warn, however, that the closure might lead to an artificial crisis created by local traders wanting to inflate their prices. Leading media reported that Israel is considering voiding the "tax envelope" with the Gaza Strip -- a measure that would mean the cancellation of the Oslo Accords and the treatment of Gaza as a separate country.

Ha'aretz reported that a group of senior Fatah officials from the West Bank recently began promoting an initiative aimed at

persuading] Mahmoud Abbas to remove his national security adviser and associate, Muhammad Dahlan. Jailed former commander of Fatah's Tanzim force, Marwan Barghouti, is among those urging the change.

The Jerusalem Post reported that a high-ranking UNIFIL officer told the newspaper on Monday that Hizbullah has launched an investigation into Sunday's rocket attack on Kiryat Shmona to determine responsibility. Major media reported that on Monday the UN Security Council (UNSC) issued a statement condemning the attacks, which were in severe violation of UNSC Resolution 1701

Yediot reported that China intends to sell Iran fighter jets that are based on the defunct Israeli Lavi project. Yediot and other media also said that Syria is about to purchase the most advance Russian planes -- MIG-31s.

The media reported that on Monday incoming Labor Party Chairman Ehud Barak was sworn in as defense minister at the Knesset. Barak called for holding elections in 2008. Yediot reported that PM Olmert is ruling out a reorganization of his cabinet. Maariv mentioned that Knesset Member Ami Ayalon, who lost the party's chairmanship to Barak, has some chances of being appointed minister within the Defense Ministry.

Yediot and other media quoted National Infrastructure Minister Binyamin Ben-Eliezer as saying in his testimony before the Winograd Commission probing the Second Lebanon War that the army had misled Olmert regarding Israel's achievements during the war.

Yediot reported that 51 Nobel Prizewinners from around the world have signed a petition strongly condemning the motion passed by Britain's University and College Union last month to promote an academic boycott against Israel. The Jerusalem Post and Ha'aretz wrote that Columbia University President Lee Bollinger has expressed support for Israeli academia and disapproval of the British boycott.

Commenting on the same topic, George Washington University President Stephen Trachtenberg was quoted as saying on Monday in an interview with The Jerusalem Post: "The illegitimacy of that sort of behavior is so conspicuous it will have not traction with American universities."

----- 1. Mideast: -----

Summary: -----

Diplomatic correspondent Aluf Benn and Washington correspondent Shmuel Rosner wrote from Washington on page one of the independent, left-leaning Ha'aretz: "Abu Mazen has suddenly become the object of Israeli and American hopes.... The problem is that the basic conditions have not changed."

Columnist Akiva Eldar wrote in Ha'aretz: "The chaos in the territories lowered the stock of the Israeli-Palestinian channel to ground level, and [Ehud Olmert] has no choice left but to invest in the speculative stock of Syria's President, Bashar Assad."

Meretz-Yahad Party Chairman Yossi Beilin wrote in the popular, pluralist Maariv: "The grave crisis in Gaza also creates an opportunity."

Block Quotes: -----

1. "Abbas Stole the Comeback Show"

Diplomatic correspondent Aluf Benn and Washington correspondent Shmuel Rosner wrote from Washington on page one of the independent, left-leaning Ha'aretz (6/19): "This week will be remembered not for Olmert's comeback, but for that of Palestinian Authority Chairman Mahmoud Abbas -- the same Abu Mazen whose weakness was a source of laughs for Israeli officials, the same Abu Mazen who lost almost half the Palestinian Authority just last week, the same Abu Mazen who recently called off his meeting with Olmert in anger. That same Abu Mazen has suddenly become the object of Israeli and American hopes.... The problem is that the basic conditions have not changed. Abbas does not control contiguous territory, since the Palestinian

enclaves in the West Bank are under Israeli military control. Renewed funding from the United States and Europe does not guarantee Abbas public support from the Palestinian people. It is tough to envision Abbas suddenly bringing order to the territories. It is also tough to envision Israel showing a generosity that goes beyond declarations or marginal steps like unfreezing Palestinian funds. And the Hamas takeover of Gaza has diminished the possibility that Israel will withdraw from additional territory. Under these conditions, Abbas's comeback is likely to be short-lived, just as it was in the past."

III. "Some Attention From America"

Columnist Akiva Eldar wrote in Ha'aretz (6/19): "The chaos in the territories lowered the stock of the Israeli-Palestinian channel to

ground level, and [Ehud Olmert] has no choice left but to invest in the speculative stock of Syria's President, Bashar Assad.... Bush told Olmert that though he is not enthusiastic about the idea, if the Prime Minister wants to talk with Assad, the US will not stand in his way. But the way from there to appointing an American official to sit at the table with a representative of the 'axis of evil' is far, or more accurately, blocked. This is where everything is stuck."

IV. "Give Peace a Chance"

Meretz-Yahad Party Chairman Yossi Beilin wrote in the popular, pluralist Maariv (6/19)s: "Israel needs to reach a cease-fire agreement with Hamas in Gaza. In the current situation there is no other choice but to reach an agreement of this sort by means of a third party, such as Egypt. This cease-fire would include a commitment by Hamas to refrain from all violence against Israel out of Gaza, and to prevent any such violence by any other party. Israel would immediately stop all of its ground and air activity in the Gaza Strip. Hamas would effect the release of Gilad Shalit and Israel would release Palestinian prisoners.... Israel needs to begin immediate and serious negotiations on a final status arrangement with Mahmoud Abbas.... An agreement with the PLO will make the Arab peace initiative come true, will result in world recognition of Israel in its new borders with Jerusalem as its capital, and will bring about an end to the refugee issue.... The Syrian option must be examined before it disappears once again. An agreement with Syria will have far-reaching repercussions on Hamas, the ability of Hizbullah to operate and Iran's isolation. ... The real question is what we do tomorrow, since the grave crisis in Gaza also creates an opportunity. The opportunity is not to strangle the Gaza Strip and turn the West Bank into paradise but, rather, to act on the three initiatives that were presented above in this article."

12. Iran:

Summary:

Senior columnist Nahum Barnea wrote from Washington on page one of the mass-circulation, pluralist Yediot Aharonot: "Quite a few Israelis had hoped that [the issue of Iran's nuclear program] would be settled during Bush's term in office. The impression during this visit, however, is that that is one hope that is not going to come true."

The conservative, independent Jerusalem Post editorialized: "Whatever messages emerge from the White House today ... there is only one that really counts: a clear commitment to prevent a nuclear Iran, backed by a policy with the teeth to fulfill it."

John Davis, an analyst at the Re'ut Institute, a non-partisan advisory organization to the Government of Israel, wrote in the conservative, independent Jerusalem Post: "Israel must obtain guarantees from its indispensable ally that when the moment of Iranian-US reckoning arrives, Israel's essential national security interests will not be forgotten."

Block Quotes:

II. "The Option is Gone"

Senior columnist Nahum Barnea wrote from Washington on page one of the mass-circulation, pluralist Yediot Aharonot (6/19): "[President Bush] still has a certain amount of maneuvering room on foreign policy issues, but it is limited. His desk is buckling under the weight of all the problems that are begging to be dealt with. The most dangerous of them all originate in the Middle East: Iraq, Iran, Afghanistan, and the Palestinian Authority. Bush is very determined, very decisive in his approach to each one of those issues. The problem is that he has not a clue as to where to apply this determination. It is into this narrow window that Ehud Olmert hopes to enter. The issue that the two of them will discuss in public is the fate of the Palestinian Authority. Even though the problem is big, it is nevertheless a local problem. The two men will be able to present a united, optimistic front and sell it not only as a problem but also as a solution.... America's account with the ayatollahs' Iran is complicated. It began during Jimmy Carter's term in office, four presidents before George W. Bush. Quite a few Israelis had hoped that it would be settled during Bush's term in office. The impression during this visit, however, is that that is one hope that is not going to come true."

II. "The Critical Challenge For Bush and Olmert"

The conservative, independent Jerusalem Post editorialized (6/19): "There is much that Bush and Olmert can say and do to address the symptoms of the rising jihadi axis, such as Hizbullah's rearming in Lebanon, Hamas's rearming via Egypt, and the terrorist challenge to Iraq's nascent democracy. In the end, however, these are all battles with Iranian proxy forces, and cannot be fully addressed except at the source. Indeed, to the extent Washington and Jerusalem allow Tehran's proxies to distract from the real challenge, they are playing into the mullahs' hands. Accordingly, whatever messages emerge from the White House today, however many of them are welcome and important, there is only one that really counts: a clear commitment to prevent a nuclear Iran, backed by a policy with the teeth to fulfill it."

III. "United on Hamas, Divided on Iran?"

John Davis, an analyst at the Re'ut Institute, a non-partisan advisory organization to the Government of Israel, wrote in the conservative, independent Jerusalem Post (6/19): "While Israel perceives a nuclear-armed Iran as its most serious existential threat, the US foreign policy agenda is littered with other pressing problems. America's number-one priority is the stability of Iraq and the withdrawal of US forces. Any US policy decision vis-a-vis Iran will be colored by how best to satisfy America's interests in Iraq.... While Fatah and Hamas dominate the agenda of the Bush-Olmert talks, Israel should clarify outstanding differences between Israel and the US concerning Iran. Despite areas of incongruence between Israel and the US, Israel must obtain guarantees from its indispensable ally that when the moment of Iranian-US reckoning arrives, Israel's essential national security interests will not be forgotten."

13. Israel: Governance:

Summary:

The independent, left-leaning Ha'aretz editorialized: "[Ehud Barak] cannot only be a defense version of Olmert and Netanyahu."

Block Quotes:

"A Soldier on the Peace Front"

The independent, left-leaning Ha'aretz editorialized (6/19): "If the Labor Party under [Ehud] Barak aspires to be an alternative to Likud headed by Benjamin Netanyahu in the next elections, Barak must put

forth his political vision and take immediate action to fulfill it.

He cannot only be a defense version of Olmert and Netanyahu. The citizens whose votes he wants expect that he will work without delay and incessantly, both for the defense of Israel at home and on the front lines, and also to achieve agreements with moderate Arab elements willing to compromise. In his political role, Barak promised to quit government if Olmert seeks to continue leading it following the release of the final Winograd Commission report. Barak's inclination to continue holding on to his role at the Defense Ministry will test his credibility. Without credibility to supplement his skills, Barak may fail."

CRETZ